

AGENDA



Thursday, March 6, 2008

**Neighborhood Planning & Zoning
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 6

Subject: Consider the release of approximately 1900 acres of land, known as the Villa Muse area, from the eastern extraterritorial jurisdiction ("ETJ") of the City and possible action on the preservation or release of the ETJ.

For More Information: Virginia Collier, 974-2022; Jackie Chuter, 974-2613; Sylvia Arzola, 974-6448.

Prior Council Action: 1/31/08 - Council directed the City Manager to enter into discussions regarding the release of land from the City's ETJ for the proposed Villa Muse Development.

This request includes approximately 1,900 acres in Austin's eastern ETJ. In addition to release of ETJ, the applicant is requesting immunity from annexation for 30 years. The applicant's justification for the request is that release will:

1. reduce the review and permitting time for their project,
 2. allow the developer to create a special form-based Development Code that would be used to regulate and control development in the Villa Muse area, and
 3. reduce potential future tax burden by removing the ability for Austin to annex the area for 30 years which the applicant states is a pre-condition to lenders or investors providing financing for the project; and
 4. allow the developer to form one or more municipal utility districts (MUDs) without city review.
- On 01/31/08 Council approved a resolution and directed staff to evaluate the Villa Muse ETJ release request using the established City Policy for ETJ Adjustments. The ETJ is part of the city's planning jurisdiction and this resource enables the city to extend regulations to adjacent land where development can affect quality of life within the city and ensure that development will meet city standards. The ETJ is the city's potential future growth area both in regard to tax base and municipal service area and so is valuable in both the short and long-term.

This request is inconsistent with the criteria outlined in the city's ETJ policy. There are 5 major components to this staff review, including:

1. Annexation Potential,
2. Environmental Impact,
3. Infrastructure Investment,
4. Long Term Growth and Planning Considerations, and
5. Hardship or Extenuating Circumstances

The proposed Villa Muse development is located in Austin's Desired Development Zone. In the long term, the city will annex all of its ETJ and a release at this location would create a donut hole in the ETJ that may not be recoverable. The City would not have any review over potential incorporation of this area. In addition, the applicant has not demonstrated that this development will meet or exceed current code requirements consistent with the ETJ Policy.

Regarding the City's investment in infrastructure, none of this area is within Austin's water CCN and only a portion of the area is within Austin's wastewater CCN. Existing development in the portion of the Villa Muse area within Austin's wastewater CCN does not require infrastructure improvements and none are planned at this time. Since this request is not made by another city, the Growth and Planning questions

are difficult to answer. As noted previously, however, this area is in Austin's Desired Development Zone which represents the preferred growth corridor and future property tax and sales tax revenue for the City. Finally, compliance with current development regulations is not considered a hardship under the ETJ Policy.

The ETJ release request was presented to the Environmental Board on 02/06/08 and the Board recommended disapproval of the request to release this ETJ. The Planning Commission thoroughly discussed this request at their meeting on 02/12/08 and after much deliberation voted to make no recommendation on the ETJ release. The Commission requested that the city work aggressively to help the project succeed. Similarly, the proposed project was presented to the Del Valle ISD Board of Trustees on 02/19/08 and the Board approved a resolution urging the City of Austin and Travis County to proceed with agreements necessary to allow the development. Based on staff's evaluation of this request as directed by Council, this proposal does not meet the criteria outlined in the City's ETJ Policy appropriate to recommend releasing this ETJ.

This release of ETJ is not recommended.